

NEWS RELEASE

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FOR IMMEDIATE RELEASE

SCAM ALERT

Goddard joins FTC and other states in charity scam and fraud alert

(Phoenix, AZ—May 20, 2003)

Arizona Attorney General Terry Goddard today announced that Arizona has joined with the Federal Trade Commission and other attorneys general in a national effort to thwart fundraising fraud. The effort, called "Operation Phoney Philanthropy", is a joint law enforcement and public education campaign.

Phoney fundraising appeals — often made over the telephone — target both consumers and individual business donors. Cases announced today by the FTC cover a range of deceptive tactics to solicit donations. Deceptive badge-related fundraising remains a high profile problem. In this type of deceptive fundraising, telemarketers for groups with names related to law enforcement or fire fighters play on the natural impulse of concerned citizens to support their local protectors. Sometimes telemarketers misrepresent affiliation with local or county police or some other local institution, which the telemarketers falsely claim will benefit from a donation. In one case announced today, the individual defendant is alleged to have created and controlled sham nonprofit corporations with names like "Firefighters' Assistance Foundation" and "Police and Sheriffs' Support Fund" and used those entities to collect millions of dollars in donations from unwitting, generous consumers. Whether it's a badge-related appeal or a solicitation for a children's charity or a veteran's group, phoney fundraisers often misrepresent that donations will go to benefit the donor's local community, or that donations will support particular programs, such as helping homeless veterans. Businesses are often targeted to support worthy-sounding causes, like buying ads in law enforcement journals or purchasing items such as children's activity books to be donated to local hospitals for use by sick children. That was the situation in two of the FTC cases announced today, where generous businesses who thought they were supporting law enforcement or helping sick children were allegedly just supporting for-profit businesses engaged in deception.

"This are particularly egregious scams," said Goddard, "because they prey on people's generosity and good hearts. Charitable contributions are a significant public resource, but the public must be able to trust that the donations will be used as represented."

Goddard commended the many Arizonans who help support the legitimate charities, but urged them to follow some basic rules to avoid fraudulent charity solicitations.

Charities

1. Never give on impulse. Never give in to high-pressure requests for contributions or donations. Always obtain written information (including annual reports) about the charity before you donate. Always make sure you know how your donation is distributed. Always know how much of your donation will actually go to the charity, itself, versus administrative costs. Legitimate charities will not pressure you for an immediate donation and legitimate charities are happy to give you information about their charity to review and share with neighbors, friends, and family.
2. Never give cash. Always know the name, address, and telephone number of the charity. Always make your check payable to the charity, never an individual, and be wary of names closely associated with the name of a well-known charity, using familiar words such as United, American, or National.
3. Never give out personal information such as your birth date, social security number, credit card number, or checking account number or any financial information to a solicitor either on the telephone, through the mail, or door-to-door. Always ask for information to be sent to you and always send your donation directly to the organization.
4. Never give a donation to a charity that a) offers to take your donation directly from your account such as an automatic debit, b) encourages you to send a donation by courier/overnight express, or c) asks you to wire your donation. Always donate directly to the organization either in person (at an event sponsored by the charity) or donate through the United States Postal Service.

Fundraisers

1. Never give in to high-pressure or impulse giving. Be wary of appeals to your emotion or heart, especially those included in recent news stories of personal tragedy, property devastation, or patriotism. You can also call the news station for details and verification. While many of us donate to charities for these very reasons, always know the organization or charity before making your donation. Ask for the identification of the fundraiser (name, address, and telephone number). Always ask for proof of how your donation will be used. Always ask for written information. Always call the charity for verification and confirmation of the fundraisers representation of their charity.
2. Never give a donation to an organization (charity or fundraiser) that refuses to provide information in writing. Always review all written information before making a donation.
3. Always ask the fundraiser if they are a volunteer or a paid fundraiser. Always ask for information in writing of how much the fundraiser will keep of the donations collected and how much will actually go to the charity. Be wary of words like "majority, large, most of, large percent, administrative costs, processing fees, handling, etc."

4. Know the difference between "tax deductible" and "tax exempt." Tax deductible means you can deduct your donation on your federal income tax return. Tax exempt means the charity does not have to pay taxes. Even if a charity is tax exempt, your donation may not be tax deductible. If you would like a tax deduction, ask the charity for a receipt stating that your donation is tax deductible. For more information see www.ftc.gov/bcp/online/pubs/tmarkg/charity and www.give.org/tips/tax.asp or call 1-877-382-4357 for a brochure.

Thank you again for your generosity and making a difference. For more information about charities and fundraising, I strongly encourage you to contact the Federal Trade Commission at www.ftc.gov/charityfraud or 1-877-382-4357.

If you have questions or suspicions about a charity or a fundraiser, before donating, please contact the following agencies:

Arizona Attorney General's Office
Consumer Information and Complaint
1275 West Washington
Phoenix, Arizona 85007
(602) 542-5763 or 800-352-8431 (In-State toll free)
(520) 628-6504 (Tucson)
www.ag.state.az.us – See Consumer

Better Business Bureau
4428 N. 12th Street
Phoenix, Arizona 85014
(602) 264-1727 or 1-877-291-6222
www.ArizonaBBB.org or www.give.org

Arizona Secretary of State
1700 West Washington, Seventh Floor
Phoenix, Arizona 85007
602-542-6670 or 1-800-458-5842 (In-state toll free)
www.sosaz.com – (to see if a charity is registered;
This is not a guarantee it is worthy or
legitimate)